

EXPLANATION OF UNEMPLOYMENT RATE (Form AC-174 and AC-174.1)

(Refer to Section 7 (c) of the New Jersey Unemployment Compensation Law)

Your contribution rate has been computed for the current fiscal year based upon:

- (1) Your Reserve Ratio (Item G), and
 (2) The Unemployment Trust Fund Reserve Ratio (Item E).

Your Reserve Ratio (Item G) is computed in the following manner:

$$\frac{\text{RESERVE BALANCE}}{\text{AVERAGE ANNUAL PAYROLL}}$$

Reserve Balance is determined by subtracting Benefits Charged from Contributions Paid.

Benefits Charged are your share of total unemployment benefits paid to your present or former employees for all past years through December 31 of the preceding calendar year.

Contributions Paid are all your employer unemployment insurance payments for all past years through January 30th of the current year.

Average Annual Payroll is your average payroll for the last three or five years whichever is the greater.

Your "payroll" includes only those taxable wages upon which you have actually paid employer contributions as of the prior January 30th.

The Unemployment Trust Fund Reserve Ratio (Item E) is computed in the following formula:

$$\frac{\text{BALANCE OF UNEMPLOYMENT TRUST FUND}}{\text{TOTAL TAXABLE WAGES}}$$

Balance of Unemployment Trust Fund is the balance in the Fund as of March 31st of the current year.

Total Taxable Wages are all taxable wages reported to the New Jersey Department of Labor by all employers as of March 31st of the current calendar year with respect to their employment during the preceding calendar year.

UNEMPLOYMENT INSURANCE EXPERIENCE RATES ⁽¹⁾**TRUST FUND RESERVE RATIO ⁽²⁾**

	2.50% AND OVER A	2.00% TO 2.49% B	1.50% TO 1.99% C	1.00% TO 1.49% D	0.99% AND UNDER E
EMPLOYER RESERVE RATIO ⁽³⁾					
POSITIVE RESERVE RATIO					
17% and over	0.3%	0.4%	0.5%	0.6%	1.2%
16.00% to 16.99%	0.4%	0.5%	0.6%	0.6%	1.2%
15.00% to 15.99%	0.4%	0.6%	0.7%	0.7%	1.2%
14.00% to 14.99%	0.5%	0.6%	0.7%	0.8%	1.2%
13.00% to 13.99%	0.6%	0.7%	0.8%	0.9%	1.2%
12.00% to 12.99%	0.6%	0.8%	0.9%	1.0%	1.2%
11.00% to 11.99%	0.7%	0.8%	1.0%	1.1%	1.2%
10.00% to 10.99%	0.9%	1.1%	1.3%	1.5%	1.6%
9.00% to 9.99%	1.0%	1.3%	1.6%	1.7%	1.9%
8.00% to 8.99%	1.3%	1.6%	1.9%	2.1%	2.3%
7.00% to 7.99%	1.4%	1.8%	2.2%	2.4%	2.6%
6.00% to 6.99%	1.7%	2.1%	2.5%	2.8%	3.0%
5.00% to 5.99%	1.9%	2.4%	2.8%	3.1%	3.4%
4.00% to 4.99%	2.0%	2.6%	3.1%	3.4%	3.7%
3.00% to 3.99%	2.1%	2.7%	3.2%	3.6%	3.9%
2.00% to 2.99%	2.2%	2.8%	3.3%	3.7%	4.0%
1.00% to 1.99%	2.3%	2.9%	3.4%	3.8%	4.1%
0.00% to 0.99%	2.4%	3.0%	3.6%	4.0%	4.3%
SPECIAL ASSIGNED RATE ⁽⁴⁾	5.4%	5.4%	5.4%	5.4%	5.4%
DEFICIT RESERVE RATIO (CR)					
-0.00% to -2.99%	3.4%	4.3%	5.1%	5.6%	6.1
-3.00% to -5.99%	3.4%	4.3%	5.1%	5.7%	6.2%
-6.00% to -8.99%	3.5%	4.4%	5.2%	5.8%	6.3%
-9.00% to -11.99%	3.5%	4.5%	5.3%	5.9%	6.4%
-12.00% to -14.99%	3.6%	4.6%	5.4%	6.0%	6.5%
-15.00% to -19.99%	3.6%	4.6%	5.5%	6.1%	6.6%
-20.00% to -24.99%	3.7%	4.7%	5.6%	6.2%	6.7%
-25.00% to -29.99%	3.7%	4.8%	5.6%	6.3%	6.8%
-30.00% to -34.99%	3.8%	4.8%	5.7%	6.3%	6.9%
-35.00% and under	5.4%	5.4%	5.8%	6.4%	7.0%
SPECIAL ASSIGNED RATE ⁽⁵⁾	5.4%	5.4%	5.8%	6.4%	7.0%
NEW EMPLOYER RATE	2.8%	2.8%	2.8%	3.1%	3.4%

(1) Includes rates for workforce development, health care subsidy and unemployment insurance.

(2) Trust Fund Balance as of March 31 as a percentage of taxable wages in the prior calendar year.

(3) Employer's contributions minus benefits charged to the employer as a percentage of the employer's taxable wages.

(4) Employers with a positive reserve balance who have had covered employment with wages and who have failed to report or pay tax obligations during at least one year used in the calculation of rates.

(5) Employers with a negative reserve balance who have had covered employment with wages and who have failed to report or pay tax obligations during at least one year used in the calculation of rates.

A voluntary payment of additional contributions may be made by completing the enclosed Form UC-45, Voluntary Contribution Report. Payments must be made within thirty (30) days after the date of mailing of your Notice of Employer Contribution Rate unless for good cause, an extension has been granted for not more than an additional sixty (60) days or October 28 of the current calendar year whichever is the earlier. Voluntary payments of additional contributions received timely will be applied to your reserve balance and a recomputation of your rate will be forwarded to you. Refer to the instructions on Form UC-45 concerning the conditions governing voluntary contributions.